Wisconsin State Planning Grant

BadgerCare/HIPP Analysis Recommendations

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Project Summary

Wisconsin's Health Insurance Premium Payment (HIPP) program was implemented in 1999 to leverage employer contributions, keep family members together, limit crowd-out, ease transition from public to private coverage, strengthen the private insurance market and eliminate the stigma of public programs. To accomplish these goals, HIPP pays the enrollee's employer sponsored health insurance premium, coinsurance and deductibles in place of providing Medicaid coverage through programs like BadgerCare or the Medical Assistance Purchase Plan (MAPP). HIPP also pays for services not covered by the enrollee's health insurance plan through Medicaid fee-for-service.

In late 2004 APS Healthcare, Inc. updated the 2001 Institute for Health Policy Solutions (IHPS) analysis of barriers to enrollment in the Health Insurance Premium Payment program (HIPP) to determine at what point in the process potential enrollees are "lost." APS also examined the cost-effectiveness of HIPP in two separate analyses. The first analysis reviewed the Division of Health Care Financing (DHCF) cost-effectiveness analysis of HIPP and built upon the existing evaluation framework. APS conducted a cost-effectiveness analysis for calendar year (CY) 2003. This analysis differed from the DHCF's annual evaluation in a number of ways. The second analysis examined the potential cost-effectiveness of enrolling HIPP applicants who were denied enrollment due to selected screening criteria integrated in the HIPP enrollment process. Detailed discussions of these analyses can be found in the following reports online at http://dhfs.wisconsin.gov/medicaid8/state-grant/2003spr/2003spr.htm.

1. *HIPP Enrollment Process Review – Final Report – December 2,2004*
2. *HIPP Program-Wide Cost-Effectiveness Evaluation, January 5, 2005*
3. *HIPP Case-by-Case Cost-Effectiveness Evaluation, June 24, 2005*

Summary of Findings/Recommendations

Enrollment Process

During the HIPP enrollment process review, it was discovered that only a very small percentage of employed BadgerCare enrollees were enrolled in HIPP during the study period (July 2002 through June 2004). Of the 49,425 employed applicants, only 157 (0.3%) were participating in HIPP. A number of opportunities for program expansion were discovered during the course of this analysis and are discussed below.

Individual versus Family Coverage

Half of the applicants deemed 'employed' did not have access to family coverage through their employer. However, it is possible that many of these applicants had access to individual coverage. However, the HIPP applications do not provide information on access to individual coverage. There is likely an opportunity to increase HIPP enrollment and achieve cost savings by accessing individual coverage through the BadgerCare participant's employer. DHFS may want to consider collecting information on individual coverage through the HIPP applications so that a cost-effectiveness study could be done in the future.

Self-funded Plans
A quarter of those 'employed' had access to a self-funded plan. Although it is reported that program policy does not exclude self-funded plans per se, it appears that these applicants do not proceed through the HIPP enrollment process. A better understanding of how to address self-funded plans (specifically as it pertains to determination of the employer contribution percent) so that these plans could be considered for "buy-in" under HIPP may lead to increased HIPP enrollment and additional Medicaid savings.

Employer Contribution
Approximately 40% of applicants who had access to approved plans under HIPP had employer contributions outside the acceptable range for the current cost-effectiveness test – the vast majority with employer contributions <40%. Under current practice these plan are not tested for cost-effectiveness and are not considered for buy in. It was suspected that there would be an opportunity to increase HIPP enrollment by expanding the acceptable employer contribution range. This hypothesis was tested and the findings are discussed below under "Case by Case by Case Cost-effectiveness."

BadgerCare-eligible Child
A large percent of those employed with access to an approved plan with an acceptable employer contribution level never made it to the cost-effectiveness determination step because they did not have at least one BadgerCare-eligible child (62% of employed individuals or 1,495 of 2,423 for the study period). Since having a Medicaid or BadgerCare-eligible child is a condition of BadgerCare adult enrollment, it follows that BadgerCare-eligible adults that do not have a BadgerCare-eligible child must have at least one Medicaid-eligible child. Again, it was suspected that potential cost-savings associated with enrolling the eligible adult and the Medicaid children in the employer sponsored insurance plan were lost. This hypothesis was also tested and the findings are discussed below under "Case by Case Cost-Effectiveness."

Program-Wide Cost-Effectiveness
Program-wide cost-effectiveness is determined by comparing the costs associated with BadgerCare capitation payments and any additional costs paid by Wisconsin Medicaid (wrap-around fee-for-service costs) to the employer sponsored health insurance employee premium liability plus all expenses not covered by the employer plan that would be picked-up by Wisconsin Medicaid. When examined as an aggregate, the program-wide cost-effectiveness analysis determined if HIPP enrollees during calendar year 2003 actually reduced expenditures for Wisconsin Medicaid compared to their estimated expenses had they not enrolled in HIPP. The program-wide cost-effectiveness analysis showed that HIPP is cost-effective, saving Wisconsin Medicaid approximately $129,000 among 106 cases eligible for HIPP in 2003.

Although not directly related to the eventual cost savings findings, mention must be made of the data available to complete this analysis. The lack of a **single comprehensive enrollment database** presents a significant barrier to updating this analysis as well as conducting routine program monitoring. In addition, the inconsistencies between available data sources are disconcerting – especially with regard to key issues such as the determination of members included in a case and monthly enrollment. HIPP eligibility is not consistent between the Medicaid Evaluation and Decision Support data warehouse and the Excel spreadsheet provided

by the EDS HIPP Unit. In addition, no electronic application data is entered for applicants to HIPP who do not meet one of the screening criteria. As a result, testing this group for cost-effectiveness is very difficult and requires significant data entry. Lastly, an accurate count of eligible HIPP participants within each case, and accurate months of HIPP eligibility must be calculated using monthly payments as recorded in Excel spreadsheets or paper forms. For more specific details of the data issues and discrepancies encountered during the program-wide cost-effectiveness analysis, please see the report *HIPP Program-Wide Cost-Effectiveness Evaluation, January 5, 2005* identified above. These issues should be addressed to assure an accurate and efficient BadgerCare and HIPP monitoring process.

Case-by-Case Cost-Effectiveness

This analysis showed that several cases among applicants whose employer contributed less than 40% of their health insurance premium and applicants without BadgerCare eligible children **would be cost-effective** if allowed to enroll in HIPP. Our analysis showed that 22% of the less than 40% group and 42% of the no BadgerCare children group would have been cost-effective had they been allowed to enroll in HIPP. These HIPP applicants could potentially save Wisconsin Medicaid over $1 million annually. This finding suggests that each HIPP applicant **should receive a full cost-effectiveness test when applying for the program,** as opposed to eliminating cases if they fail to meet one of the above criteria. The cost of administering the EDS cost-effectiveness test should only slightly diminish the cost savings that would be realized from enrolling the new cost-effective applicants. Additional recommendations include:

1. All estimated wrap-around costs used in the current cost-effectiveness test should be updated to reflect more recent data. These wrap-around costs should be estimated using actual HIPP participant wrap-around expenses, if at all possible. The current wrap-around estimates have not been updated since the inception of HIPP.

2. All capitation rates used in the cost-effectiveness test should be updated to reflect the most current age, gender and rate region adjusted rates. The current capitation rates used in the enrollment cost-effectiveness test are not age and gender adjusted. A single region-level rate is applied to all members of the case.

3. HIPP participants should be evaluated annually to determine their cost-effectiveness status. Changes in employer contribution or covered benefits under the plan could impact cost-effectiveness over time. In cases where the participant is no longer cost-effective, it may be possible to move them off of HIPP and re-test them again the following year if they remain enrolled in BadgerCare.